

Industry of Japan



Industry of Japan

Today, despite an overall economic slowdown beginning in the 1990s, Japanese industries remain amongst the most highly advanced and innovative worldwide. In many manufacturing industries – particularly in the electronics and automotive sectors – the term “Japanese” is synonymous with high quality and technologically advanced products, and in a wide variety of sectors, Japanese companies are world leaders in both production and technological advancements in their respective fields.

In 2012, industry accounted for 27.5% of Japan’s GDP. Major Japanese industries include automotive, electronic equipment; machine tools, steel and nonferrous metals, ships, chemicals, textiles, and processed foods. Despite this, it is the service sector which comprises the biggest part of Japan’s economy, responsible for 71.4% of GDP in 2012. Major services in Japan include banking, insurance, retailing, transportation and telecommunications. Agriculture is responsible for the remainder, and although its contribution to GDP is small, it is still a highly important element of Japan’s economy and society.

Japan’s leading industries and sectors

1- Aerospace & Aeronautics

Japan’s aerospace industry has a strong international reputation, particularly in the field of research and development (R&D). Recently, however, it has shifted its focus from R&D to the commercialization of space technology. The Basic Space Law, enacted in 2008, has paved the way for the development of Japan’s space industry. Demand for satellite technology is expected to increase in developing countries, and Japan is hoping to use this opportunity to develop an export market in satellites.

Examples of Japanese innovations in this field include the Japanese H-II Transfer Vehicle (HTV), which supports the International Space Station (ISS). Japan hopes to play a more proactive role in the ISS programme, in particular in filling spaceflight gaps brought about by the retirement of the National Aeronautics and Space Administration (NASA) Space Shuttle.

2-Agro Industry

Japan has a severe shortage of arable land, covering only 11% of Japan’s total territory. The country’s self-sufficiency rate currently stands at 39%. The Ministry of Agriculture, Forestry and Fisheries is the main public player concerned with agricultural issues.

3-Automotive

The automotive sector currently employs over 5.45 million people in Japan and is worth some 47.3 trillion yen. Both its exports and imports (mainly from the EU) are currently increasing despite Japanese consumers’ strong preference for “buying Japanese”. The sector is heavily influenced by new environmental standards, which are the most stringent in the world.

4-Biotechnology

Japan has one of the most developed biotechnology sectors in the world, as evidenced by the high number of patents filed. Although the number of bio venture start-ups peaked in 2006, several foreign firms are now trying

to enter the market. Moreover, the government is supporting the sector's development and has passed several laws to assist it; it is being viewed as a national strategy.

5-Chemicals

Japan's chemical industry has traditionally been regarded as an uncompetitive, weak industry. However, in the field of high value-added, functional, chemical materials (e.g. protective films for LCDs, polarizers, compound semiconductors and carbon fibers) Japanese firms have a far larger global market share than in cars and electronic goods. Japan's chemical sector therefore has the potential to become a leading global industry.

6-Construction

The outlook of the Japanese construction sectors is brighter than it has been for years. Japan's Liberal Democratic Party has pledged to stimulate the domestic economy through numerous public works projects, particularly in the Tohoku region, which was heavily damaged by the 2011 tsunami and earthquake. However, access for foreign construction companies has never been particularly easy, and this remains a difficult market for foreigners to penetrate.

7-Creative Industries

The British Government describes creative industries as those "which have their origin in individual creativity, skill and talent and which have potential for wealth and job creation through the generation and exploitation of individual property". Japanese creative industries and their promotion are mainly controlled by private enterprise. However, some sectors (such as advertising, design, publishing, and architecture and engineering services) turn to foundations and other means.

8-Fishing

Surrounded by nearly 30,000km of coastline, Japan's geographical conditions are very favorable for fishing. It is therefore no surprise that Japan produces a total of 4.4 million tons of fish per year. Since 2011, however, the industry has suffered because of the Great East Japan Earthquake and continues to suffer the consequences, such as radioactive contaminated waters and decreased output. Having a deeply rooted marine culture, Japan has had to increase its imports to meet its consumption needs.

9-Food & Beverage

Japan's agricultural sector suffers from a combination of low productivity, high and distortionary levels of agricultural support (which places a burden on Japanese consumers and taxpayers) and a shortage of land suited to farming. These limitations undermine Japan's farming sector and complicate its participation in bilateral and regional trade agreements that would boost its growth potential. To make matters worse, the Fukushima nuclear incident has made exportation harder and importation more volatile.

10-Forestry & Paper

Japan is attempting to revitalize its forestry sector, which has been damaged by a rural exodus and the prevalence of cheaper foreign materials. The sector is therefore expected to grow in the coming years, stimulated by reforms and public incentives. Conversely, the paper industry faces a decrease in demand and the production of paper, whereas the paperboard sector remains stable

11-Healthcare & Medical

Japan celebrated its 50th anniversary of universal health care on 1 April 2011. During this relatively short period of time, Japan has quickly become a world leader in healthcare by several measures, and has enjoyed particular success in increasing Japanese life expectancy. Central to Japan's approach has been the objective of ensuring universal health care, which has been achieved in practice by universal access.

12-Information Technology

The Japanese IT industry is a key driver of global economic growth. Although Japan has lost its once-dominant position in the global IT industry and is facing increasing competition from foreign firms, Japanese companies still have a significant global presence and respected reputation. Efforts are being made by Japanese IT giants and by the government to make the necessary reforms to Japan's IT sector in order to restore it to its former glory.

13-Machinery

Machinery is the industrial manufacturing sector that produces machines and components for other machines. It is, by definition, a very broad sector that ranges from products for daily use, such as boilers, to instruments essential for professional sectors, such as earthmoving and other construction equipment, office equipment, refrigerating equipment, and semiconductor fabricating equipment.

14-Materials

The materials sector is wide and diverse, as it encompasses countless other areas such as the steel industry, nanotechnology, chemistry and optical networks. Cooperation among different actors and fields in order to obtain new products and to develop the market is common. Japan invests a significant amount in materials science and has a specialized development plan for each material.

15-Tourism

Japan has a significant tourism market. The contribution of travel and tourism to Japan's 2012 GDP was JPY 31,882.6bn, or 6.7%. This figure is forecast to rise by 1.5% in 2013. The industry involves a number of players: the lodging industry, tourist attractions, the transportation sector, restaurants and retail shops.

16-Transport & Logistics

Organization of logistics is one of the most important steps that an enterprise has to consider. This involves activities that concern the process of planning, implementation, and controlling the efficient, effective flow and storage of goods, services and related information from the point of origin to the point of consumption, and perhaps to its ultimate point of disposal as well.

Sources:

<https://www.eubusinessinjapan.eu>